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SIMPLIFYING THE EMPLOYMENT SECURITY LAW FOR EMPLOYERS

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Division of Employment Security
Commonwealth of Massachusetts
Michael S. Dukakis, Governor



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SIMPLIFYING THE EMPLOYMENT SECURITY LAW FOR EMPLOYERS

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FOREWORD

This booklet is about your rights and responsibilities under the Employment Security Law, administered by the Massachusetts Division of Employment Security (DES). It is intended to be both a reference handbook explaining how the unemployment insurance (UI) system works as well as a practical guide to the forms, deadlines, and calculations with which you must deal.

Section 1 provides an overview of the Massachusetts UI system. Our system is one of the nation's strongest, bolstered by a vigorous economy, the cooperation of business and labor, and DES's management of the state's healthy unemployment compensation trust fund.

Section 2 deals with your responsibilities in two areas: paying taxes and participating in decisions to award or deny benefits to claimants. This section also discusses which employers are subject to the law, with special attention paid to new employers.

The nuts and bolts of financing this complex system are treated in Section 3. How is your tax rate set and adjusted? Which benefits are charged to your account? How and when do you pay the tax? How can you control your benefit charges? What financing options do governmental and non-profit employers have? What are the penalties for tax evasion?

UI benefits themselves are the subject of Section 4: eligibility criteria, reasons for disqualifying claimants and benefit amount calculations.

When an employee files a claim for benefits, a chain of events is set in motion. Section 5 explains what information you will be asked to provide on which forms, and what deadlines you must observe to protect your right to appeal a subsequent DES decision. What happens at a DES hearing is also described in detail.

Section 6 covers the special circumstances of a full or partial plant closing. Recent legislation provides extra assistance for both employers and employees.

DES's many services for employers are listed in Section 7. Recruitment assistance, labor market information, and company start-up and plant closing services are all available—at no extra cost.

In preparing this booklet, DES has tried to respond to the questions and concerns most often raised by employers. *This guide, though, is general in nature and does not have the effect of law or regulation.* Copies of the Employment Security Law are available from DES on request.

DES welcomes this opportunity to provide assistance to all of the Commonwealth's employers.

1

HOW THE SYSTEM WORKS

DES: Your Jobs Agency

DES offers a full range of services to unemployed workers to help them get back on the job, as quickly as possible. A low unemployment rate means lower taxes and an opportunity for employers to channel their savings into creating more jobs for the Massachusetts economy.

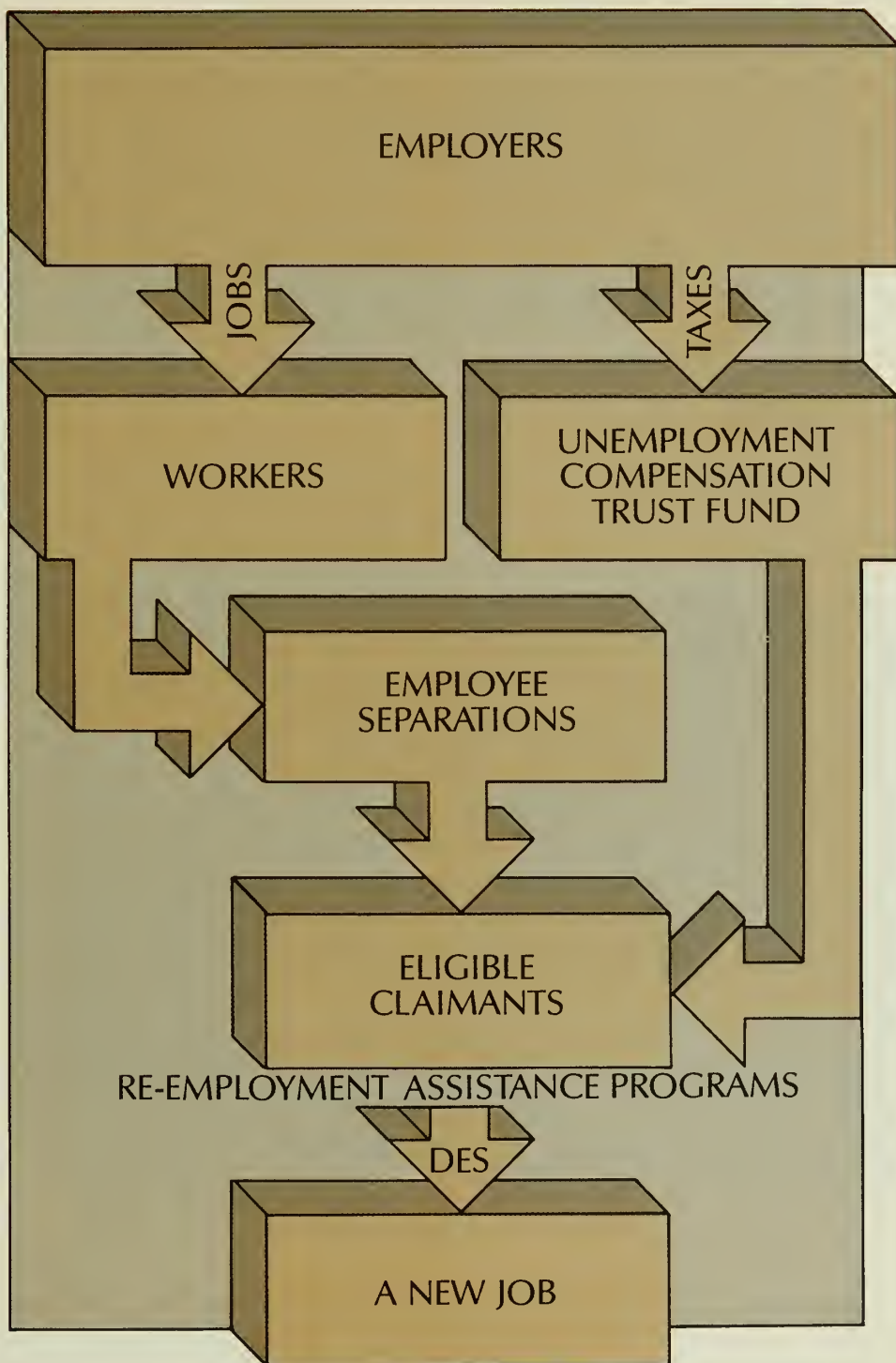
In 1935, during the Great Depression, the federal government established the interstate unemployment insurance system to help smooth cyclical swings of the economy and to provide a safety net for individual workers who are temporarily unemployed. Today, the Commonwealth administers the system through its Division of Employment Security (DES).

If you are a private, for-profit employer, the Massachusetts Employment Security Law requires you to pay quarterly taxes to the Commonwealth's unemployment compensation trust fund. This fund, in turn, provides temporary unemployment insurance benefits to qualified workers during periods of involuntary unemployment. Every dollar of your Massachusetts UI taxes goes directly into this fund. If you are a governmental or non-profit employer, see page 11 for your financing options.

While the actual unemployment insurance benefits come from the state trust fund, DES's administrative costs are funded through federal unemployment (FUTA) taxes which you pay directly to the federal government. These federal taxes help to finance the variety of employment-related services provided through the federal/state network of employment security agencies.

DES offers its services through a network of unemployment insurance and job matching offices across the state. Through these centers (and the central DES office in Boston):

- unemployed residents receive unemployment insurance benefits;
- workers are aided in finding new employment;
- employers can obtain help in locating qualified workers;
- educators, economists, community officials and others can learn about labor market trends and employment statistics.



2 RESPONSIBILITIES AND COVERAGE

What every employer needs to know

What are your responsibilities?

The Massachusetts Employment Security Law, Chapter 151A of the General Laws of the Commonwealth, places certain obligations on *all* employing units—individuals, firms, organizations and governmental units which employ one or more persons. Your responsibilities fall into two general areas: financing the UI system and participating in decisions to award or deny benefits.

1. Which employers are covered by the law?

If you are an individual or any type of organization (partnership, corporation, association, trust, etc.) employing one or more persons on a permanent, temporary, or part-time basis in Massachusetts, you must supply DES with the number, status, and wages of all employees. DES will then determine if you are subject to the Employment Security Law.

In general, if you have persons working one or more days in each of 13 weeks during a calendar year, or if you pay wages of \$1,500 or more in any calendar quarter, you are liable for taxes under the law. The weeks of employment need not be consecutive, nor must the employees remain the same.

In deciding whether an employer is liable for taxes, DES considers such factors as:

- the degree of direction and control you have over the way an employee's services are performed;
- where the work is performed, whether entirely or only partially in Massachusetts;
- the exempt nature of certain classes of employment. [See discussion of worker eligibility, page 13.]

As an agricultural employer, you are subject to the law if you paid total cash wages of \$20,000 or more in any calendar quarter, or you employed 10 or more individuals on any day in each of 20 weeks in a calendar year.

If you employ domestic workers and paid \$1,000 or more in cash wages in any calendar quarter, you are liable. This category includes private homeowners, clubs, and college fraternities and sororities.

2. Financing the system through quarterly tax payments or monthly reimbursements

State unemployment insurance tax payments must be made within one calendar month from the end of each quarter; reimbursements are billed monthly and payable within 30 days. See "Financing the System," page 8, for a description of how to compute and pay your tax. If you are a governmental or non-profit employer, see page 11 for a description of your financing options.

3. Participating in benefit determinations

DES needs your cooperation to make accurate and timely unemployment insurance benefit determinations.

Record maintenance: You must provide any information requested by DES about wages paid to an employee (or former employee) and the reason he or she is no longer employed. Be sure to keep payroll and time records in a form that enables you to provide them to DES to determine:

- the wages paid to each employee on a calendar-week basis (Sunday through Saturday);
- whether any week's earnings were for less than full-time employment;
- whether lost time was due to an employee's lack of availability for work or inability to work.

You must make and keep copies of all reports filed with DES, as well as all work sheets and other back-up data used in preparing the reports, for a period of four years from the filing date. During this period, an authorized representative of DES should be able to inspect these records at any reasonable time. The information you supply is confidential and for the exclusive use of DES in the administration of the Employment Security Law. Upon request, a worker or representative may obtain information concerning his or her claim records only.

Promptness: Because the timely determination of valid claims is an important priority for employers and individuals, deadlines have been established for a variety of actions, responses, requests, and protests within the system and are noted throughout this booklet. Although exceptions are sometimes allowed for good cause, failing to meet these deadlines may cause you to lose important rights. Among the most critical deadlines for prompt decisions on benefit claims:

- your return of the "Request for Separation and Wage Information" must be postmarked within seven days of the DES mailing date. (See "When an Employee Files a Claim," page 16.)
- a request for a hearing must be made within 10 days after the mailing of a determination you wish to appeal. (See "Appeals," page 17.)
- failure to request a hearing in time will prevent you from protesting a claim at a hearing and could cause charges to be assessed against your account.

Notification: You must notify the nearest unemployment insurance office when:

- you anticipate a mass separation of employees, i.e., 10 or more workers will be laid off for seven days or more. This notification should be given at *least* 48 hours prior to the layoff.
- a worker is recalled to work after a lay-off but fails to report. You should notify the office where the claim was filed.
- a work stoppage due to a labor dispute has occurred. This notice, given within 48 hours after the beginning of the stoppage, should supply the details and the number of employees involved.

To expedite the filing of claims, you should give separated workers a "Separation Notice" [Form 0590-A], copies of which can be obtained from any local DES office. This form provides DES with accurate information on your organization name, your address (where *payroll* records are kept), and your DES employer account number. To lessen the risk of later delays, you should give this form to all employees at the time of separation, regardless of the reason or expected duration.

Posting: Informing workers of the availability of unemployment insurance is the responsibility of all employers. You must clearly post a copy of "Notice to Employees" [Form P-2553-A], which informs employees of their coverage under the Employment Security Law and their right to apply for benefits.

When do you first become subject to the law?

If you are a new employer, or if you have not done business in Massachusetts before, you must notify DES immediately by filing an "Employer Status Report" [Form 1110], enabling DES to establish your employer account and assign you a DES employer number. *If you have acquired the entire trade, organization, business, or assets of another employer*, you must similarly notify DES. The DES Employer Tax Liability Division, located on the fifth floor of the Hurley Building, Government Center, Boston, has the appropriate forms. Call them at (617) 727-6850.

In addition, the DES Tax Service maintains field offices throughout the Commonwealth which can assist you in completing the forms. Please call or visit a location convenient to you:

Protect your rights

Failure to inform DES within 120 days of a change in ownership or organizational structure can, in many cases, lead to higher taxes in the future.

Tax Field Offices		
Boston	C.F. Hurley Building Government Center 02114	(617) 727-6817 (617) 727-6815
Lawrence	350 Essex Street 01840	(617) 685-3302
New Bedford	874 Purchase Street 02741	(617) 999-2361
Springfield	1592 Main Street 01103	(413) 737-0213
Taunton	72 School Street 02780	(617) 823-0069
Worcester	32 Franklin Street 01608	(617) 791-8551

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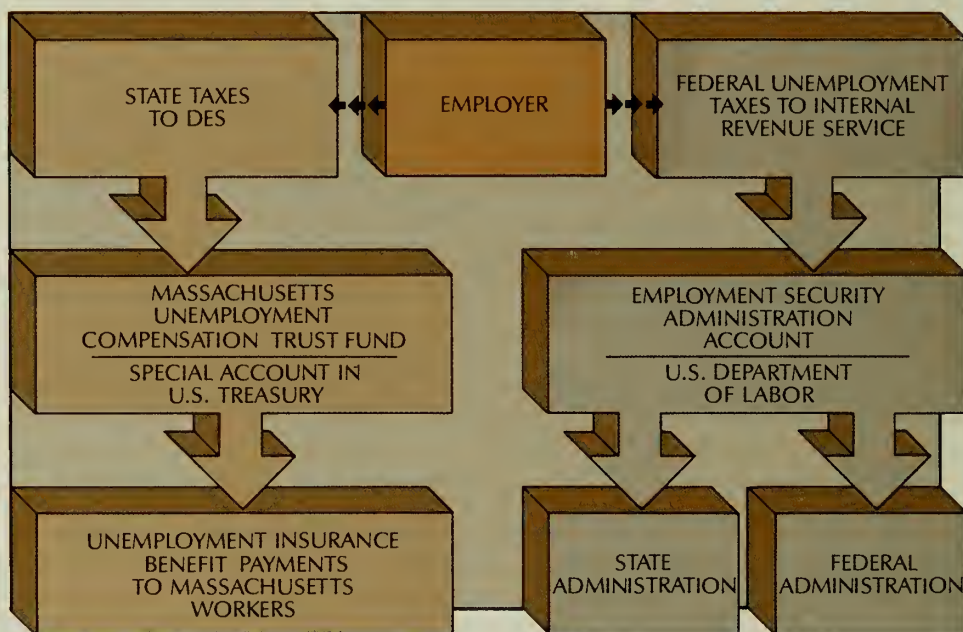
FINANCING THE SYSTEM

Employers pay two kinds of taxes in order to finance the unemployment insurance system in Massachusetts: [1] DES's administrative costs are funded by Federal Unemployment Tax Act (FUTA) taxes you pay to the Internal Revenue Service; and [2] the benefits themselves are financed by a pool of employer taxes paid to DES for workers filing claims against Massachusetts firms. You pay two separate but related taxes—one federal (to the IRS) and one state (to DES)—to fund the unemployment insurance system. Governmental and non-profit employers may choose to reimburse benefits rather than pay taxes (see page 11).

Your quarterly state tax is experience rated

How much you pay depends on a variety of factors: the size of your payroll, the number of employees, the amount of benefits charged against your account, and the amount of reserves in your account and in the Massachusetts unemployment compensation trust fund.

The tax applies to the *first \$7,000 of wages* paid by you to *each* employee in any calendar year. The term "wages" here means every form of remuneration paid to employees, either directly or indirectly, including salaries, commissions, and bonuses; the reasonable cash value of board, rent, housing, lodging; and all payments in any medium other than cash. Tax payments are based on when the wages are paid, not when they are earned.



Payments that may not be subject to taxes are:

- certain retirement benefits
- sickness or accident disability payments
- payments other than cash for service not in the regular course of business
- certain classes of deferred income

For determinations on these and other non-standard payments in your case, contact the DES Tax Service, (617) 727-6710.

Financing the Unemployment Insurance System

Every dollar you pay in state unemployment insurance taxes is deposited in a special interest bearing account to support workers during periods of temporary involuntary unemployment.

employer tips....

YOUR TAX RATE DEPENDS ON:

1. *the extent of reserves in the state unemployment compensation trust fund as a whole.* If reserves are adequate, all employers pay relatively lower taxes. If reserves start to fall, tax rates rise for all firms in the following year.
2. *the balance you've built up in your account over the years.* Sufficient reserves built up in "good times" can minimize abrupt jumps in your tax rate once layoffs take place.
3. *the amount of benefits DES has paid out in the past year to your workers.* Getting workers back to work quickly, at your firm or elsewhere, minimizes charges against your firm.
4. *the net balance in your account on September 30 of each year.* When DES compares your net balance to your taxable payroll, adequate reserves result in a lower tax rate. If your payroll (i.e., the risk you are insuring) is rising faster than your reserves, you'll be asked to pay higher premiums.

Establishing your tax rate

You will receive, in February or March, a "Notice of Unemployment Insurance Tax Rate" [Form 9701] which provides you with your tax rate and the data used to calculate it. Because *you need this rate to compute your next four quarterly tax payments*, make sure that all persons responsible for filing reports are aware of the proper tax rate.

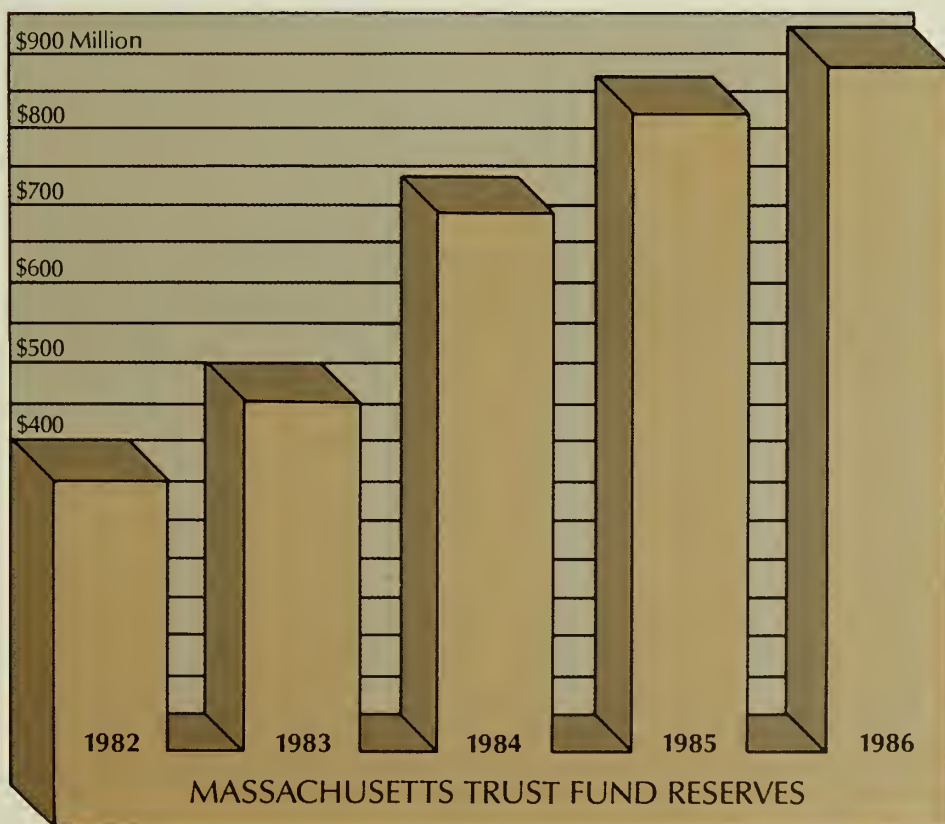
Unless you are a newly subject employer, your tax rate is determined by your experience rating account balance. The ending balance of your account is updated each October as DES takes into account the following:

1. your account balance as of September 30 of the previous year
2. plus the taxes you paid
3. less the benefits charged to your account
4. less the statewide "solvency assessment" charged to your account

This net balance is kept on a cumulative basis and is compared annually to your taxable payroll to yield your "reserve percentage." To keep your reserves within reasonable levels, your tax rate will decline as your "reserve percentage" grows, and vice versa.

Setting the annual statewide tax schedule

Each September, the state's unemployment compensation trust fund balance is divided by the total payroll for all employers, yielding the fund's "reserve percentage." This reserve level, by law, determines the following year's tax schedule (one of seven, named "A" through "G"). In 1986, for example, Schedule A is in effect, due to the adequate reserves which have accumulated over the past several years. All rated employers will have a tax rate falling under Schedule A in 1986, based on your account's reserve percentage. [See the tax table, page 24.]



Determining the Schedule of Tax Rates for all Employers

Massachusetts trust fund reserves are maintained at a level calculated to support anticipated worker benefit requirements through two recessionary periods. The tax schedule in effect for all employers is determined by comparing the balance in the unemployment compensation trust fund to the state's total payroll. A higher trust fund balance means a lower tax schedule for all employers.

Finally, to spread the cost of items which cannot be charged to a specific employer—such as dependency allowances, approvable voluntary separations and benefits paid against accounts whose reserves have been depleted—the state maintains a solvency account and adjusts your account balance upward or downward with an annual “solvency assessment.” Similar in concept to “no fault” insurance, this mechanism distributes the account’s deficit or surplus proportionally among all employers. Interest earned on the trust fund balance is credited to this account.

If you believe a computation error has been made in your tax rate, you may request an administrative review of the rate determination, in writing, within 30 days of receipt of the rate notice. The DES Tax Experience Rating Department, at (617) 727-6896, can also answer questions.

New employers’ tax rate

The initial tax rate for new employers without a UI history is 3 percent for a period of up to two years, after which your tax will be calculated based on your experience. Without this special state rate to help launch new businesses, new employers would be assigned a federally mandated 5.4 percent rate until they accumulated adequate reserves in their accounts.

Paying the tax

Once your rate is set, you must file an “Employer’s Quarterly Tax Report” [Form 0001] for the three-month periods ending in March, June, September, and December. After the close of each quarter, *you have one full calendar month in which to prepare your report and pay your tax.* Tax payments are due by April 30, July 31, October 31, and January 31. To assist DES in verifying data, you must keep copies of these reports and supporting data on file for four years.

Copies of the form with your tax rate are mailed automatically to employers each quarter, but if you fail to receive yours on time, you can request it from the Employer Reports Department at (617) 727-6707. It is your responsibility to file the report before the due date.

You are required to file reports with DES until you cease doing business in Massachusetts, even if you employed no workers or paid no wages during a quarter. *If your business status changes in any way* (new ownership, incorporation, partnership, out of business, etc.), you must notify DES in writing immediately.

Each report should include only the information which pertains to that quarter. If you discover an error in a previous report, notify DES and a form for correcting the error will be mailed.

If you file a report late or underpay the tax, you may be assessed a penalty. A “Demand for Payment” [Form 0702-S] is sent to any employer underpaying taxes; DES charges interest on the taxes due at the rate of 18 percent per year from the due date to the payment date. If you fail to file for a quarter, the law allows DES to estimate the amount of taxes you owe from any information available, and to assess and collect taxes, penalties, and interest for any quarter for which reports are not received.

Benefit charges and your experience rating account

DES uses a system of credits and debits to determine the balance in your account. When you pay your quarterly tax, that amount is entered as a credit to your account on the actual date paid, with the exception of the final quarter, when a payment made by October 31 is credited as of September 30. The beginning balance is established on October 1 each year.

When DES provides benefits to a worker you employed during the past year, these *benefit charges* become debits to your account.

Your benefit charge liability as an employer is normally limited to 36 percent of the wages paid to your employee during the base period, the 52-week period preceding the effective date of a claim. DES first charges the account of the most recent employer, and when that employer’s 36 percent limit is reached, begins charging the next-most-recent employer’s account, and so on throughout the base period.

File by:	For Wages Paid:
JANUARY 31	October 1 through December 31
APRIL 30	January 1 through March 31
JULY 31	April 1 through June 30
OCTOBER 31	July 1 through September 30

Quarterly Filings
All employers must file quarterly reports with DES.

Determine Your Annual Individual Tax Rate

Each September 30, DES compares the balance in your account to your taxable payroll. Higher reserves result in a lower tax rate for your business for the following calendar year.

OCTOBER 1	Beginning Balance	\$ _____
	Quarterly Taxes Paid	+ _____
	Monthly Benefit Charges	- _____
	Solvency Assessment	- _____
SEPTEMBER 30	Ending Balance	\$ _____

For each month during which charges are made to your account, you will receive a "Statement of Benefit Charges" [Form 1088] which itemizes all charges, credits and adjustments made for each week of the month, and identifies each employee by name and Social Security number. Check this form against your records: it is important to verify each benefit charge to protect yourself against fraud, processing errors, or other improper charges. An individual might have returned to work, for example, or have had partial earnings during the week in question.

If you believe a charge is incorrect and should be removed from your account, use the first page of the form to file a protest within 30 days of the mailing date shown on the form. Benefit charges will not be removed from your account if you failed to provide separation and wage information within the seven-day limit [see "When an Employee Files a Claim," page 16] or if you failed to protest within the above 30-day limit. DES will notify you of the action taken. Credits appearing on the form will be followed by a "CR" symbol and will show the name and Social Security number of the employee for whom the original charge was made. Direct questions in this area to the Benefit Charge Section at (617) 727-6777.

Federal tax payments

If you are a private, for-profit employer, you pay FUTA taxes directly to the federal government; non-profit and governmental employers are exempt. The FUTA tax is computed on the same first \$7,000 wage basis as the quarterly state tax (discussed above).

Currently, the FUTA tax liability of 6.2 percent is offset by an allowable credit of 5.4 percent for unemployment taxes paid to the state, for a net FUTA tax of 0.8 percent. The net FUTA tax will drop to 0.6 percent when current loans from federal revenues are repaid.

You are entitled to this substantial credit against the FUTA tax only if you pay your state taxes on time, i.e., by the January 31 following the calendar year in which the credit is claimed.

Options for governmental and non-profit employers

While the preceding discussion applies to most employers, local and state governmental entities and certain non-profit employers may choose, in lieu of paying the quarterly

tax, to reimburse DES for all benefits paid to all their employees. If you are a governmental employer, you may change from one financing system to another by giving written notice to DES before the next calendar year begins. Non-profit employers must notify DES before December 1 of the year preceding the changeover year. Once selected, however, that method is in force for at least two calendar years.

1. Under the *reimbursable method*, you are billed for the cost of any and all benefits actually paid to former employees, including dependency allowances, extended benefits, benefits paid when an employee quits a job and subsequently requalifies, and even benefits paid which may be subsequently disallowed. Under the contributory method, in contrast, these costs would be charged to the appropriate solvency account.

On a monthly basis, DES will mail you a "Statement of Benefit Charges or Benefits Paid" [Form 1088]. By law, you must pay this bill within 30 days of its mailing date, or request a review of questionable charges within the same time period. Direct questions to the Reimbursement Section at (617) 727-8272.

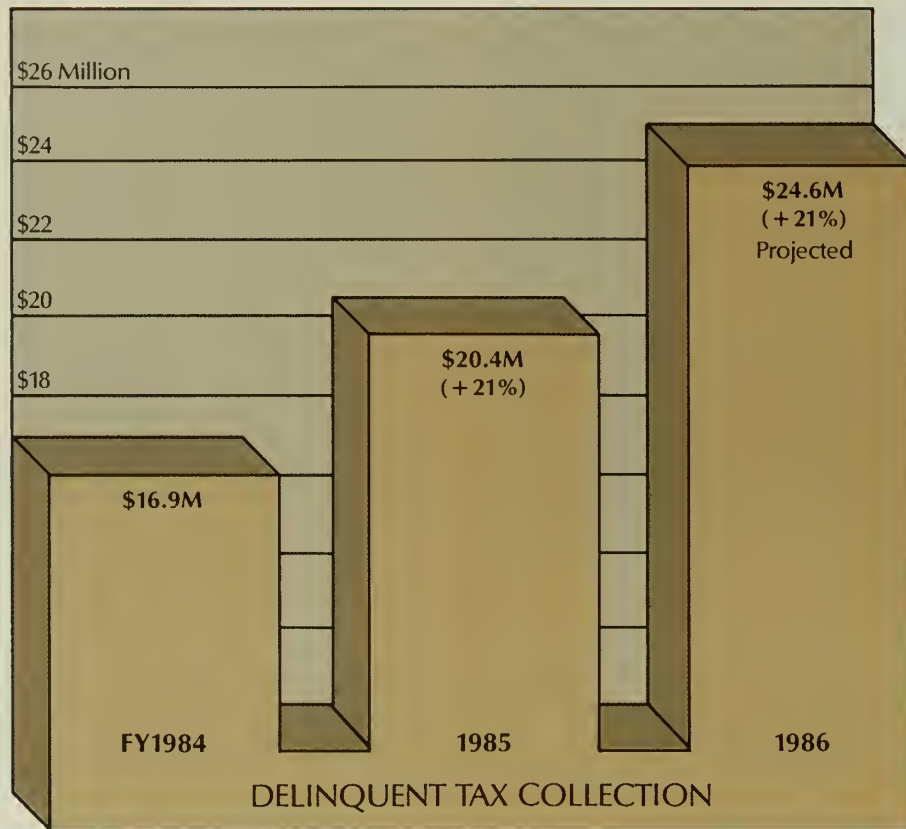
2. If you are a *governmental employer and elect the contributory tax method*, you must file your "Employer's Quarterly Tax Report" [Form 0001-G] on the same schedule and observe the same procedures as private, for-profit employers. You then also qualify for the same rights as these employers.

Although your taxes are deposited in, and benefits paid from, the single unemployment compensation trust fund, DES maintains a separate governmental tax fund balance and computes your annual tax rate in a somewhat different manner.

Non-profit employers who choose the contributory tax method use exactly the same forms and procedures as private, for-profit employers.

Unemployment Insurance Delinquent Tax Collection

Aggressive tax enforcement measures have substantially increased DES's delinquent tax collections. Tough legislation now makes tax evasion a felony, punishable by fines and imprisonment.



Tax enforcement

When you fail to pay your unemployment insurance taxes or reimbursements, all employers lose. DES now has stronger enforcement powers, and the agency is placing a greater emphasis on using these powers to reduce the number of tax delinquent employers through:

- prosecution of individuals and principals in corporations by the attorney general's office for failure to file or pay unemployment insurance taxes;
- a minimum \$1,000 fine for each quarter and/or a state prison sentence for a felony conviction on tax evasion charges;
- levies on delinquent taxpayers' bank accounts after a court judgment and formal notice;
- ongoing, random audits of employer accounts to see if all workers and taxable wages were properly reported;
- liens on real estate, field collection, and civil complaints brought by DES attorneys.

employer tips....

HOW TO LOWER YOUR UI TAXES

1. *Manage your UI costs* like any other business cost. Forecast and budget for likely taxes due. Monitor monthly statements of benefits charged to you.
2. *Hire smart.* Invest time before hiring to get the best workers. Check their work histories and references. Workers who are discharged because they lack the ability to do a job are not disqualified from collecting benefits under DES law.
3. *Explore every alternative* prior to a separation. Consider retraining, reassignment, advance notice, time off for a job search, referrals to other firms, outplacement assistance via DES job matching offices, and so forth.
4. *Document the circumstances* surrounding each separation for reasons other than leaving work, so you'll be prepared to furnish DES with information promptly and accurately.
5. *Participate in DES's decision* whether to award or deny benefits to one of your former employees.
6. *File for an appeal* if you feel strongly that DES awarded benefits to a claimant who does not qualify under the law.
7. *Call back separated workers* if work becomes available. Let DES know if you recall an employee who does not return to work.
8. *Hire other claimants*, which lowers overall disbursements from the state trust fund.

4 UNEMPLOYMENT INSURANCE BENEFITS: Eligibility, Disqualification, and Determination

What are benefits for?

Above all, unemployment insurance is a program that provides benefits for certain Massachusetts workers who meet the eligibility requirements of the law.

For a period of time based on work history, DES provides UI benefits to workers (both permanently separated and temporarily laid off) until they return to work. The UI benefit supports the purchasing power of unemployed workers and helps to stabilize the size and composition of a community's economy until its residents can find employment.

DES looks at a claimant's earnings in the previous 52 weeks and the reason for his or her unemployment to determine eligibility for benefits.

Who is eligible?

For those covered by the law, eligibility is based upon two general criteria: earnings and the reason for the separation. [1] An employee must have earned at least 30 times his or her weekly benefit rate and no less than \$1,200 during the "base period" (the 52 weeks preceding the effective date of a UI claim). [2] The law requires that a worker be totally or partially unemployed through no fault on his or her part; able to work; and available for and actively seeking suitable, full-time employment.

Eligibility for partial UI benefits

An employee whose work schedule has been reduced by you or who has obtained part-time work while collecting unemployment benefits may claim partial UI benefits. He or she will give you a "Low Earnings Report" [Form 0209] to fill out. Return this form, which helps determine the amount of benefits to which the employee is entitled, to the worker, who will bring it to the unemployment insurance office.

When completing this form, be sure to use gross earnings paid for the calendar weeks in question, indicate the reason for the low earnings, and enter the name of the person who completed the form. The report should be completed, dated, and signed by you or your authorized representative.

Companies which have regular periods of reduced work schedules may obtain a supply of these forms from the local unemployment insurance office or by telephoning the DES administrative offices.

Which workers are not covered by the law?

With only a few exceptions, most workers in public, private, and non-profit employment are covered by the Employment Security Law. Several types of work, however, are not. Exempt classes of employment include the following:

- services performed for churches and certain religious organizations;
- work by a child under 18 for the child's mother or father; or by an individual for his or her daughter, son, or spouse;
- student work training experience administered by a non-profit or public educational institution;
- student financial assistance employment by a school, college, or university in which he or she attends classes, or similar employment for the student's spouse, as long as he or she is notified at the time of hire that unemployment insurance is not provided;
- real estate brokers or salesmen licensed by the state and paid solely by commission;
- insurance agents or solicitors paid solely by commission (except industrial life insurance agents);

■ services performed by an individual who is free from outside direction and control and working in an independently established business;

■ certain employees of state and local governments such as elected officials, those in certain policy making and advisory positions, members of a legislative body or of the judiciary, emergency employees hired during a disaster, inmates in custodial or penal institutions, and members of the Massachusetts National Guard or Air National Guard.

School employees who have a reasonable assurance of work in the next year or term cannot receive benefits between academic years or terms.

DES will be glad to review your liability for taxes for specific employees or classes of employees in order to avoid audit-related penalties and interest. For more information, contact the Tax Service.

What may disqualify a worker for benefits?

In general, workers may be *indefinitely* disqualified for these reasons:

- leaving work voluntarily without "good cause" attributable to the employer. If the individual establishes that the reasons for leaving were of such a compelling nature that separation was actually involuntary, DES will pay benefits and you will not be charged. "Reimbursable" employers, however, will have to finance these benefits totally since they do not contribute to the solvency fund.
- Discharge solely for deliberate misconduct on the job, in willful violation of your interests as an employer.
- Job loss due to a felony or misdemeanor conviction.

DES will remove an indefinite disqualification only after the worker: **[a]** has had at least four weeks of new work; **[b]** in each week has earned at least as much as his or her potential weekly benefit; and **[c]** has been involuntarily separated from his or her new employer.

The worker may also be *temporarily* disqualified for any of the following specific reasons:

Employment related reasons

- lack of availability for work: unable or unwilling to work full-time; limitation, without good cause, as to hours of work or shift; failure to make an active search for work.
- lack of availability for work because of illness. This is waived for three weeks in a benefit year.
- withdrawal from the labor market, such as vacationing, voluntary retirement, etc. A worker must demonstrate an active search for work before requalifying.
- failure, without good cause, to accept an offer of suitable employment or failure to respond to an employer's reasonable callback.
- unemployment because of participation in a labor dispute.

Income related reasons

- full-time self-employment during the claim period. This results in disqualification until proof is given that the person is no longer self-employed and no suitable work has been offered.
- employment on a part-time basis and earnings of an amount equal to or in excess of the worker's benefit rate. Some weekly part-time earnings will be disregarded before deductions are made from the worker's benefits.
- receipt of vacation pay during a period of regular employment, wages in lieu of dismissal notice, or total disability payments under worker's compensation. This disqualification is only for the weeks for which such payments can be applied.

How is the benefit amount calculated and adjusted?

DES determines a worker's benefit by examining the amount of earnings by quarter during the worker's base period—the 52-week period immediately preceding the effective date of a claim. If you employ a worker during his or her base period—even if you were not the most recent employer—you will receive a notice of that claim. [See "When an Employee Files a Claim," page 16.]

To determine a worker's benefit rate, DES:

1. adds up the earnings from all employers for the two highest income quarters in the base period;
2. divides that sum by 26, to arrive at an average weekly wage; and
3. takes half the weekly average, up to the current maximum, for the worker's weekly benefit.

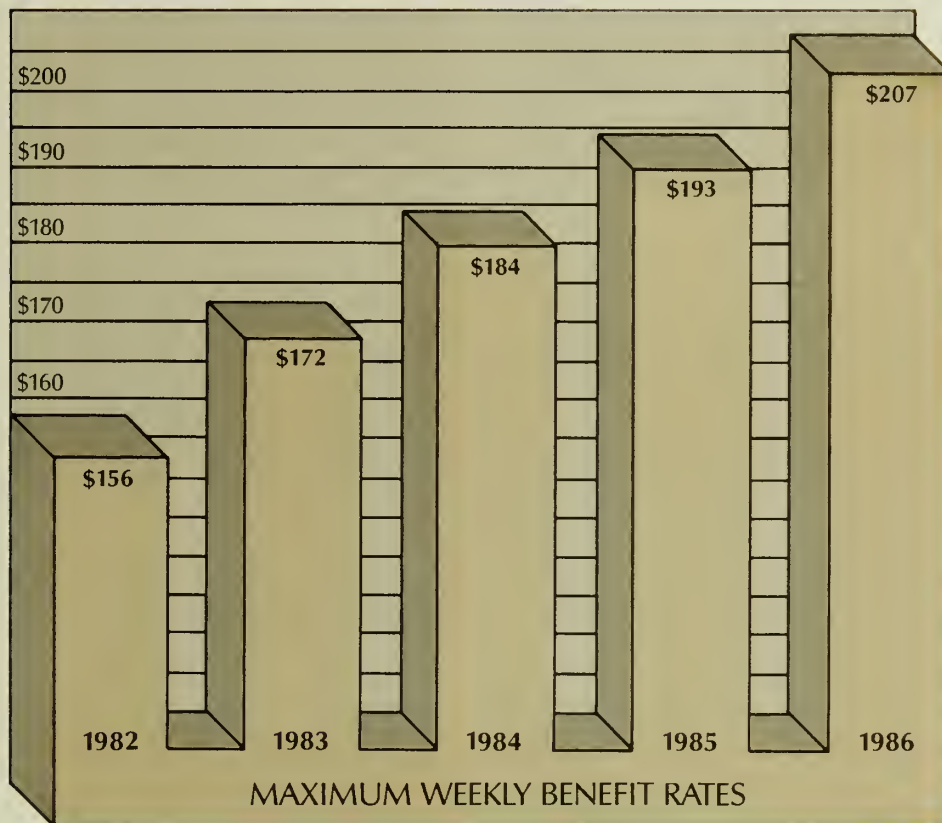
(For a worker with two or less quarters income, that amount is divided by 13 instead of 26 to establish the average weekly wage.)

An individual's weekly benefit is capped by the *maximum benefit rate* in effect at that time. Each October, DES calculates a new maximum benefit rate by taking 57.5 percent of the state's average weekly wage. For example, the 1986 rate was \$207. Only workers filing a new claim after a new maximum rate is established are eligible for that rate.

A *dependency allowance* of \$6 per week is added for each dependent child up to 18 years of age; or 18 or older if that child is incapable of earning wages because of physical or mental disability; or up to 24 years of age if a full-time student at an authorized school. Dependency allowances may not exceed 50 percent of an individual's weekly benefit rate.

Pensions, including Social Security, are deductible only if the date of entitlement to the pension was in the base period or the benefit year of the claim. If work during the base period changed the worker's pension eligibility or increased the amount of the pension, deductibility may also be affected.

Pension-related deductions from the UI benefit amount range from none (for IRA/Keogh, Railroad Retirement Annuities, and lump sum pension payments made prior to the base period); to half the amount (Social Security payments and pensions financed partly by the worker and partly by a base period employer); to the entire amount (pensions 100 percent financed by a base period employer).



Unemployment Insurance Maximum Weekly Benefit Rates

In Massachusetts, claimants collect 57.5 percent of their average weekly wage, up to the maximum benefit rate set by DES each year.

How long do benefits continue?

Regular benefits last a maximum of 30 weeks under state law; if partial weekly benefits are paid, the period may continue until the total benefit to which the claimant is entitled is exhausted. When unemployment is particularly high, special state and federal programs may go into effect which provide up to 13 additional weeks of benefits. In addition, workers participating in state approved retraining programs may have their claims extended for up to 18 weeks.

When do approved benefits begin and end?

Workers should be advised to file a claim for benefits immediately. The first week of unemployment is a waiting period not covered by UI: eligibility for benefits begins the second week. Individuals appear at an unemployment insurance office weekly until a claim is approved and processed, which normally takes two to three weeks. After workers receive their first UI benefits, every other week they must report their current income, job search efforts, and availability for work in order to keep a claim open.

The worker's benefit year is the 52-week period beginning with the effective date of the claim. An employee may file a new claim only once during that year: If an individual exhausts his or her claim during that time, a new claim may not be filed until the benefit year has ended. A worker who becomes unemployed more than once (even with the same employer) during the benefit year and has not yet exhausted the total benefit amount may reopen an existing claim.

5 WHEN AN EMPLOYEE FILES A CLAIM

First, the Separation Notice

When you give an employee a "Separation Notice" [Form 0590-A]; make sure that it shows your correct employer name, Massachusetts unemployment insurance employer number, and address to which requests for separation and wage information should be mailed. This address should be where the employee's payroll and personnel records are kept, not necessarily where he or she worked.

What information must you provide, and when?

When an individual files an unemployment insurance claim, DES must obtain certain information from his or her employer in order to pay benefits quickly. DES will immediately mail its "Request for Separation and Wage Information—New Claim" [Form 1062] to the employer or employers listed on the claim.

This form requests complete details on why the worker is no longer employed and the amount of gross wages paid during his or her base period, which is specified on the form. The facts provided on this form help DES determine whether the worker is eligible for UI, and if so, how the UI benefits will be charged.

Promptness is vital. In order to protect your rights, *you must return this form to DES within seven days of the mailing date* associated with the claim. Failure to return this form in a timely manner without good cause (such as a DES error in mailing the form) means that:

- you will not be allowed to appeal any DES determination on the claim's validity, nor will you receive the "Notice to Employer of Approved Claim" or "Notice to Claimant of Disqualification" (see below);

- all benefits paid on the claim will be charged against your account, even if such charges would ordinarily be charged to the solvency account. These charges may affect your experience rating as a contributing employer.

Below are some guidelines for completing the "Request for Separation and Wage Information—New Claim" [Form 1062]:

- Report gross wages, not take home pay, and wages actually paid for the dates in question, not wages earned. The term "wages," as used in the Employment Security Law, refers to every form of remuneration paid directly or indirectly to employees, including salaries, commissions, and bonuses; reasonable cash value of board, rent, housing, and lodging; and all payments made in any medium other than cash.

- If the request for the amount of wages paid to an employee is for a partial calendar quarter, be sure to provide information on wages for that period only. Some employers mistakenly provide information on the full, rather than partial, quarter.

- Clearly state the circumstances under which the claimant left your organization or firm.

- Be sure to complete the certification part of the form, using your employer number assigned by DES. Have an authorized person sign the form, including his or her title and the date.

- Mail the completed form to the unemployment insurance office at the return address shown on the form. Any questions on completing the form should be directed to that office.

- By law, all information provided to DES is absolutely confidential and privileged. *It cannot be the basis for any slander or libel action in a Massachusetts court.*

If you return the form late, you will receive a "Notice of Penalty Assessment" [Form 1058]. You may pay the penalty at that point, or file a protest within 10 days. The protest should explain the reason for failing to submit promptly the information requested by DES. Direct any questions to the Penalty Assessment Unit at (617) 727-6235.

If you are an interested party employer (i.e., during the last four weeks of employment prior to filing a claim), your local DES office will send you a "Determination As to Timely Return of a Claim Notice" [Form 0676], which will show whether the reason is considered "good cause" or not. You have the right to appeal this determination, but again, it must be done within 10 days of the mailing.

If an employee disagrees with the amount of wages you report (since that figure affects the calculation of the individual's benefit rate), DES will send you a "Supplementary Wage Request" [Form 0579]. In this case, please review your wage records, complete the form, and return it to the appropriate unemployment insurance office.

If you protest a claim promptly and you employed the worker in the last four weeks prior to the filing of the claim, DES will respond in one of two ways:

1. *If the claim is approved* by DES after reviewing the pertinent facts, you will receive a "Notice to Employer of Approved Claim" [Form 0124] for your records. At this point, if you disagree with the reason for separation accepted by DES, or otherwise object to the granting of benefits to the employee, you may request a hearing. [See next section on appeals, page 17.]

2. *If the claim is disallowed*, DES will send your employee a "Notice to Claimant of Disqualification" [Form 3720], a copy of which should also be sent to you. This notice, detailing the reasons for the disqualification, lists the employee's rights to appeal the determination and request a hearing.

If you protest a claim promptly but were a base period employer only (i.e., not during the four weeks prior to the claim), your account should not be charged, as long as your employee was separated under disqualifying circumstances. If charges are made to your account, however, you have the right to protest the charges.

When an employee reopens a claim during the benefit year (i.e., after finding new work or returning to a job, the worker becomes unemployed again and has benefits remaining on the claim), DES will send you a “Notice of Claim Filed-Additional Claim” [Form 1074], if you were that worker’s employer-of-record during the four weeks immediately prior to the latest separation.

Recalls

If an employee does not return to work after you have issued a recall, you must notify the local DES office within five days, either by letter or by sending “Failure to Respond to Employer’s Callback” [Form C-0359], a supply of which is available from your local unemployment insurance office. If a letter is used, it should include the employee’s name, Social Security number, occupation, reporting date and your method of notification.

The employee’s failure to return to work under these circumstances may result in his or her disqualification for unemployment insurance benefits, and the subsequent reduction of benefit charges to your experience rating account.

How do you appeal a claim determination?

The Massachusetts Employment Security Law allows any affected party—employer or employee—who disputes a determination or decision to request a hearing.

The DES appeals process offers a three-level review of a disputed claim:

- First-level appeals, which dispute the determination of a local unemployment insurance office adjudicator, are heard by impartial review examiners assigned to the DES Hearings Department.
- Second-level appeals, which dispute the finding of a DES review examiner, may be reviewed by the Board of Review, a three-member panel appointed by the governor and administered independently of DES. The board may uphold, reverse, or modify the decision of the review examiner.
- Appeals to the District Court are allowed by law if a party disagrees with a decision of the Board of Review. Certain court cases may be appealed to the Massachusetts Appeals Court.

For the employer, the formal appeals process generally begins when you receive a “Notice to Employer of Approved Claim” [Form 0124] from a DES local office after an initial protest. (For your employee, it usually begins when he or she receives a “Notice to Claimant of Disqualification.”)

You or your representative may request a hearing on the approved claim by [1] filling out and returning, by mail or in person, the bottom of Form 0124 to your local unemployment insurance office; or [2] sending a letter to your local unemployment insurance office. You can also send the form or letter directly to:

Hearings Department
Division of Employment Security
C. F. Hurley Building, 2nd fl.
19 Staniford Street
Boston, MA 02114
[tel: 617-727-6616]

Important: The request for a hearing must be postmarked within 10 days after the mailing of the DES notice. For mailed requests, your postmark date is considered the filing date, and you may choose to use certified mail with a return receipt.

Approximately two weeks after your request is received and about 10 days before the scheduled hearing, DES will mail you a notification of the date, time, and place of the hearing, along with a description of the issues involved and your legal rights and responsibilities. DES mails a notice of a hearing at least 10 days before the actual hearing occurs. If your notice is mailed less than 10 days before your scheduled hearing, you may request a postponement if you do not have adequate time to prepare for it.

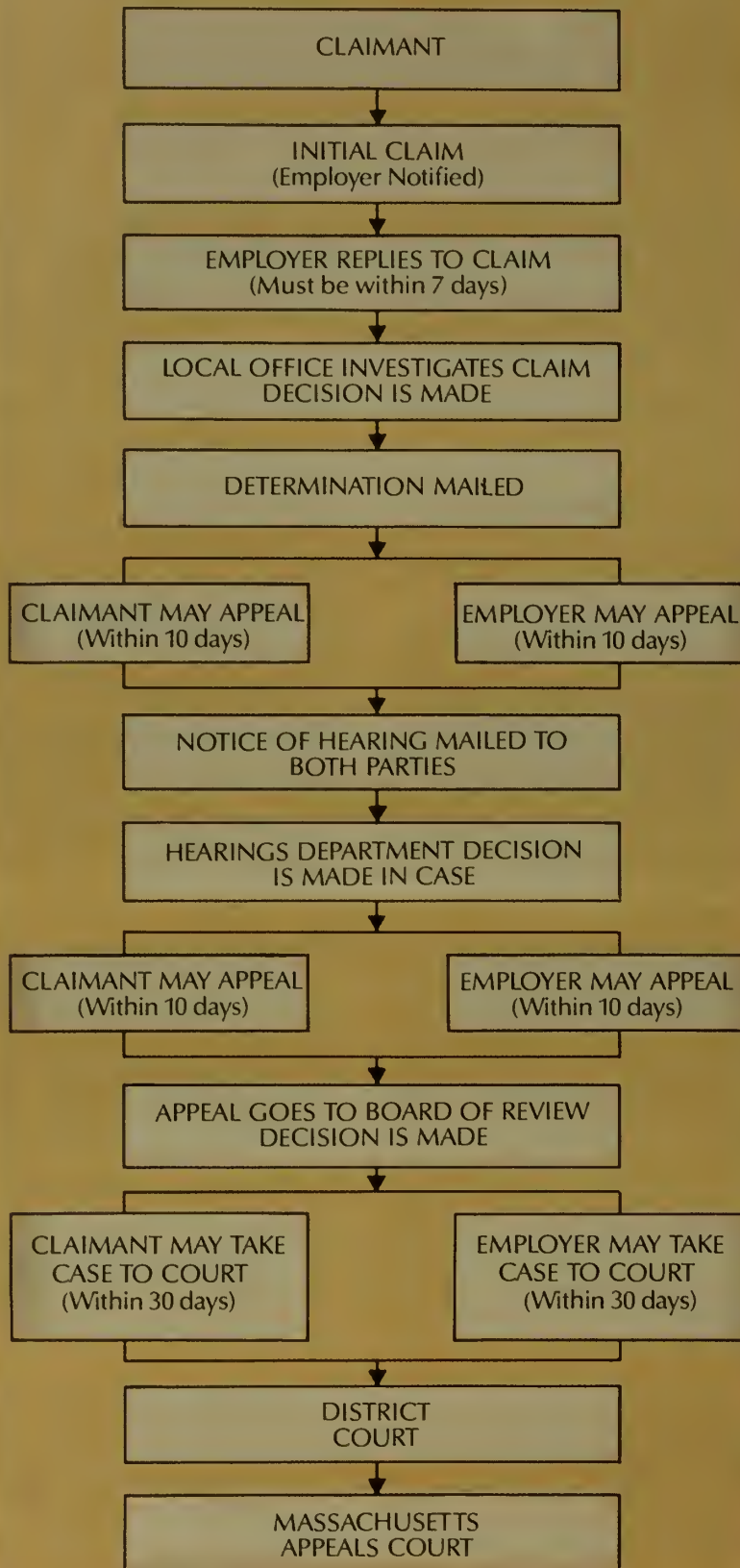
The Hearings Department will assign a place for the scheduled hearing based on the needs and locations of the interested parties. Please refer to your case number, located in the upper right hand corner of the notice, when communicating with DES about the hearing.

You may apply for a change in date, time, or location if there is sufficient cause. Requests should be made to the Hearings Department as soon as the need arises, but no later than 48 hours before the hearing, so that DES can inform all interested parties. DES considers a prompt hearing to be an important right for both parties, and is generally reluctant to delay proceedings.

Telephone hearings: If the claimant is presently living in another state, the hearing will take place via a telephone conference call. Prior to the hearing, DES will mail both parties detailed materials describing the information to be covered as well as the time of the call.

If you decide to withdraw your appeal for any reason, contact the Hearings Department immediately. If the hearing has already begun, only the assigned DES review examiner may grant an approval to withdraw.

The Appeals Process



If you fail to appear for a scheduled hearing made at your request, your appeal will be considered abandoned and you will be notified. However, if you can subsequently show that a valid and compelling reason prevented your attendance, the appeal will be reinstated and a new hearing will be scheduled. If the worker is the appealing party and you choose not to attend, the examiner will decide the case on the basis of evidence presented at the hearing.

What are your rights at an appeal hearing?

Review examiners conduct hearings in accordance with Massachusetts' "fair hearing" regulations, a copy of which is available at nominal cost from the Secretary of State (One Ashburton Place, Boston 02108). Ask for a copy of Chapter 30A.

Briefly, you have the right to:

- *be represented* by an attorney, professional agent, or any person who can present an effective case to the examiner.
- *review all DES files that relate to your case* prior to the hearing. The file is generally available for review two to three days before the hearing. You should make advance arrangements with your local DES office manager to review these documents and appropriate sections of Chapter 151A of the Employment Security Law.
- *present witnesses* who can provide first hand testimony relevant to the issues in the case.

The Appeals Process

If you are dissatisfied with a claim determination, you may request a hearing to dispute the decision.

■ **obtain a subpoena** to compel the attendance of a valuable witness or the production of documents. You should request this from your local DES office or from the DES Hearings Department as soon as you receive your hearing notice because subpoenas must be requested at least four days prior to a hearing. You must arrange to have a neutral third party (sheriff, constable or other person) serve the subpoena, and you must pay the server's fee as well as the witness fee and mileage allowance.

■ **be assisted by an interpreter** whom you hire.

What to expect at a hearing

Once a hearing has been scheduled, the DES review examiner assigned to the appeal is responsible for all procedural matters. In order to determine the facts of the case and make a fair decision, the impartial review examiner—who has no knowledge of the case aside from reading the file documents—ensures that all parties have an adequate opportunity to present relevant testimony and documents.

After the parties have assembled in the hearing room, during the *prehearing*, the review examiner may:

- inquire whether any factual matters, such as the dates of employment, are undisputed;
- review the case file to identify the exhibits to be introduced as evidence;
- establish the number of witnesses and the order in which the parties will present them.

Once the hearing itself starts, the review examiner will begin to create the “hearing record,” a tape recording of the proceedings for possible later use by a higher appeal body. In a brief introductory statement, the examiner will explain your rights during and after the hearing; the nature and scope of the issues in the case; and the meanings of any terms which are unclear to you. Finally, the hearing officer will name and number all written exhibits and will place all witnesses—including you, if you are testifying—under oath.

As the hearing progresses, you will be asked to testify and to present your witnesses, if any. If you are not represented by an attorney or other agent, the review examiner will question the witness. If you are, the examiner will first establish the witness's identity and then may allow your representative to take over questioning. If, when the questioning is completed, the hearing officer feels that some facts are unclear, he or she may direct additional questions to the witnesses.

When one party has completed the presentation of a witness' testimony, the opposing party may then cross-examine that witness to bring out additional facts that bear on the earlier testimony, including the accuracy of that testimony. This allows the review examiner to accurately weigh each witness' testimony in reaching a decision.

Throughout the hearing, *you have the right* to object to testimony, question supporting and opposing witnesses (including the worker), explain or rebut testimony, and present written arguments to help the examiner evaluate the evidence.

If a new issue (i.e., one not contained in the hearing notice) is raised by one party, the examiner may order a “continuance” of the remainder of the hearing to a later date to permit the other party to collect and present additional evidence. Also, if a subpoenaed witness whose testimony is vital to the decision fails to appear, a continuance may be ordered to allow the subpoena issuing party to obtain a court order enforcing the appearance.

When all testimony has been presented by both parties, the review examiner will officially close the hearing and dismiss the parties. In most cases, a *written decision will be mailed* to you within 14 days after the hearing; decisions are not given orally in person or over the telephone. The decision will include a statement of the issues, findings of fact, conclusions of law, and the reasoning on which the decision was based.

Also included in the decision will be an explanation of how you may file an application for further review by the DES Board of Review. [See below.]

The recording of the hearing is confidential and is retained by the Hearings Department in the event of a further appeal. If that should be necessary, you may order a copy of the recording (at a cost set by the Massachusetts Executive Office of Administration and Finance) by calling the Hearings Department.

How do you appeal the review examiner's decision?

If you plan to appeal a Hearings Department decision to the Board of Review, you must do so *within 10 days* of the mailing date of the review examiner's decision. You may file in person at your local unemployment insurance office, which will then forward the appeal to the Board of Review; or by mail, using a DES appeal form [Form 1801] or a signed letter addressed to the DES Board of Review, in which case the postmark date will be considered the date of filing.

Employers who wish to make a presentation in opposition to DES's decision to award benefits should not wait until an appeal before the board has been filed. In most cases, the board relies on the evidence presented at the first hearing in making a decision whether to support or reverse the previous decision.

If you file late, the Board of Review will hear your case to determine if your appeal should be accepted. If the board rules that, under the circumstances, the appeal to the Board of Review was a timely one, then the board will consider the application on its merits to determine if any further action should be taken.

As part of this step, a review examiner assigned to the board instead of the Hearings Department will review the hearing record and the first examiner's decision and then make recommendations to the board. The board must grant or deny such an application for review within 21 days after your appeal. If the board does not render a decision within the 21-day time period, the application is denied and your recourse is to a Massachusetts District Court, and any appeal must be filed within 30 days from the end of the 21-day consideration period.

If, however, the board grants your application within the 21-day period, it may, at its option:

- decide the case based solely on the hearing record;
- send the case back to the Hearings Department for further evidence on certain points;
- schedule a new hearing before the board to take additional evidence;
- ask you (or the employee) to send in written reasons for agreeing or disagreeing with the review examiner.

After doing this, the Board of Review will reconsider the evidence and issue its own, second level decision in the case.

If you are dissatisfied with the board's final disposition of the case, you can appeal that decision to the Massachusetts Trial Court, District Court Department, generally in the district where your operations are located. You have 30 days after the mailing of the board's decision or the board's denial of your application for further review to file a third level appeal.

For further guidance on filing a court appeal, refer to Massachusetts General Laws, Chapter 151A, Section 42, which is printed on the reverse side of Board of Review decision notices.

employer tips....

REPRESENTING YOUR ORGANIZATION AT A DES HEARING

1. *Be prepared.* Have documentation ready. Review the file beforehand. Be ready to make an entire case for denying benefits, if necessary.
2. *Have staff present* who can testify *directly* on the events which led to the separation, especially if a discharge occurred.
3. *Present both written* evidence (warning letters, for example) and direct testimony on the important issues in dispute, particularly company policies. Be ready to testify whether these policies are widely known and consistently followed.
4. *Restrict your presentation* to issues relevant to the separation and provide evidence whenever the hearings officer needs to make certain findings of fact under the law.
5. *Allow the claimant* to present his or her case fully before beginning cross-examination, to make certain that all relevant facts are put before the DES hearings officer.

6

PLANT CLOSINGS

DES services available

Because your UI tax rate is experience-based, plant closings and other major layoffs will affect your future taxes.

If you need help in planning for, avoiding, or recovering from a layoff of workers, you can get practical help from DES unemployment insurance, job matching, and tax managers. When a mass separation appears inevitable, DES can advise both labor and management on UI benefits, retraining opportunities and local job prospects. DES often makes such presentations on-site.

With sufficient advance notice, DES job placement staff can arrange interviews, or even “mini job fairs,” to match your workers with other employers needing their skills.

Cost is often an important factor in deciding whether to lay off workers for specific periods. DES tax specialists can help forecast draws against your account and estimate the impact of layoffs on your future tax rates.

Advance notice required

If you are planning to close a facility—permanently or temporarily, totally or partially—you should immediately report that information to DES. Early notice of a full or partial plant closing will help us assist your workers in finding new jobs more quickly, thereby keeping your UI tax rate low. The Commonwealth has developed special programs to aid affected workers and their communities. The Massachusetts general fund, not the unemployment insurance fund, finances the special benefits and services described below. *Your employer account will not be charged for the supplemental portion of the claimant’s unemployment benefits.*

What constitutes a plant closing?

When DES has received notice from you, it will certify the closing as either a full or partial plant closing:

Full plant closing—A firm must have employed 50 or more people and permanently laid off 90 percent or more of its workers within a six-month period.

Partial plant closing—A facility must have laid off at least 20 percent of its workforce, but not fewer than 25 employees, within the immediately preceding six-month period, and:

- (a) at least 300 workers are or will be permanently separated within the six-month period; or
- (b) the layoff occurs or will occur in a labor market with an unemployment rate 20 percent higher than the statewide average for the preceding eight calendar quarters; or
- (c) at the time of certification, the layoff represents at least 5 percent of the employment of the city or town where the facility is located.

Potential worker benefits

Eligible workers may receive up to 13 weeks of supplemental unemployment insurance benefits, the maximum weekly amount of which is specified by law. In each certified plant closing, the duration of the benefits depends upon the number of weeks (if any) of written advance notice given by you to the worker, and the number of weeks (if any) of separation pay actually paid. One week’s benefits of the 13 will be deducted for each week of notice or separation pay your workers receive.

Worker Assistance Centers (WACs) and Emergency Assistance Centers (EACs) provide special job training and job placement services during the transition period. Workers choose from a number of options, including career planning and job workshops, classroom and on-the-job training, vocational counseling and job development and placement assistance.

The law also allows 90 days of extended health insurance benefits for workers following a certified plant closing. Both employer and employee, in these cases, are responsible for paying their share of the premium costs.

Again, the payment of these benefits will not affect your UI taxes.

employer tips....

New England's largest labor exchange

Each year, DES helps more than 40,000 employers find more than 70,000 qualified workers to fill all types of job openings. This makes DES the state's largest jobs agency. Employers can save considerable time and money by taking advantage of DES's free employee recruitment services.

Employer service representatives at DES's job matching offices across the state will work with you to develop a customized plan to meet your employment needs. Your tax dollars pay for these services, and we encourage you to use them! Let DES help you with:

- recruiting and screening all job applicants, freeing your staff to interview only qualified candidates;
- aptitude and clerical proficiency testing;
- meeting affirmative action goals;
- major layoffs or plant closings.

In today's low unemployment economy, DES can help you draw upon "hidden" sources of qualified workers, such as experienced workers from traditional industries who have just completed retraining courses or former welfare recipients who are newly entering the workforce or who are re-entering it after learning new skills. Workers of all occupations and skill levels visit DES's offices every day. Whether you're looking for highly technical professional personnel or entry level production workers, DES can recruit and screen the qualified applicants you need.

WHAT DES CAN DO FOR YOU

If you're a new employer just getting started in Massachusetts, DES can:

- provide information and advice to company start-up teams about local wages, labor market and industry conditions and advertising options;
- provide quick access to thousands of qualified workers through our statewide computerized job bank;
- help recruit and screen the initial workforce, either on site or at the local DES office;
- help you register for state taxes;
- put you in touch with key decision makers in education, business and government.

If your company is expanding, DES can provide:

- ongoing screening and recruitment of all job applicants;
- assistance in meeting affirmative action guidelines;
- personal follow-up and post placement assistance;
- labor market planning reports and analyses of local economic trends;
- information about free training opportunities.

If you need help in planning for, avoiding, or recovering from a layoff, DES can:

- provide information to both labor and management on unemployment insurance benefits, retraining opportunities, and local job prospects;
- go on-site to provide customized assistance;
- set up interviews or "mini job fairs" to bring your workers together with other employers needing their skills;
- help forecast draws against your account and estimate the impact of layoffs on your future UI tax rates;
- identify additional resources or funding sources.

Research reports available

As the state's official source of labor market information, DES provides the reliable information you need to plan intelligently for the future. Our labor market research service surveys over 6,000 companies each month and publishes:

- *employment level reports* for all major industries and occupations, including projections through 1995;
- *monthly unemployment data* for the state, 15 labor market areas, and Massachusetts' 351 cities and towns, as well as quarterly unemployment figures for major demographic groups;
- *industry reviews* that survey every industry in Massachusetts, from agriculture to wholesale trade to electronic manufacturing;
- *analyses of local economies*, charting employment by type of business, number of workers or job seekers and providing an overview of trends and projections;
- *special reports* on the changing Massachusetts economy and workforce.

Contact the labor market information office at DES's administrative headquarters to receive any of these reports free of charge. These offices are at the C.F. Hurley Building, Government Center, Boston 02114. Your local employer service representative can direct you to an appropriate report or to the DES economist best qualified to answer your specific questions.

employer tips....

CHANGING YOUR ADDRESS? LET DES KNOW

Maintaining an accurate mailing list helps us serve you more efficiently. Generally, DES mails all forms to the address you supplied when you originally requested a DES tax number. These forms include:

- employer's quarterly tax reports
- request for separation and wage information
- notice of reopened claim
- statement of benefit charges
- statement of reimbursable benefits

If you wish, DES can mail various forms to different addresses. Send your change of address requests to :

Division of Employment Security
Employer Liability Division
Charles F. Hurley Building
Boston, MA 02114

Please be specific about which forms you want sent to a particular address, and include your DES employer number on all correspondence.

At the present time, DES cannot accommodate requests to mail forms to agents.

8

EMPLOYER ACCOUNT RESERVE PERCENTAGE TAX TABLE

Employer Account Reserve Percentage Tax Table

In 1986, employer taxes were reduced to Schedule A, the lowest of the tax rate schedules. Each employer's individual tax rate falls under Schedule A for that year, depending on your individual account's reserve percentage.

	A. 2.3% and over	B. 2.0% or more but less than 2.3%	C. 1.7% or more but less than 2.0%	D. 1.4% or more but less than 1.7%	E. 1.1% or more but less than 1.4%	F. 0.8% or more but less than 1.1%	G. Less than 0.8%
Negative percentage							
7.0 or more	5.4	5.7	6.0	6.3	6.6	6.9	7.2
6.5 but less than 7.0	5.3	5.6	5.9	6.2	6.5	6.8	7.1
6.0 but less than 6.5	5.2	5.5	5.8	6.1	6.4	6.7	7.0
5.5 but less than 6.0	5.1	5.4	5.7	6.0	6.3	6.6	6.9
5.0 but less than 5.5	5.0	5.3	5.6	5.9	6.2	6.5	6.8
4.5 but less than 5.0	4.9	5.2	5.5	5.8	6.1	6.4	6.7
4.0 but less than 4.5	4.8	5.1	5.4	5.7	6.0	6.3	6.6
3.5 but less than 4.0	4.7	5.0	5.3	5.6	5.9	6.2	6.5
3.0 but less than 3.5	4.6	4.9	5.2	5.5	5.8	6.1	6.4
2.5 but less than 3.0	4.5	4.8	5.1	5.4	5.7	6.0	6.3
2.0 but less than 2.5	4.4	4.7	5.0	5.3	5.6	5.9	6.2
1.5 but less than 2.0	4.3	4.6	4.9	5.2	5.5	5.8	6.1
1.0 but less than 1.5	4.2	4.5	4.8	5.1	5.4	5.7	6.0
0.5 but less than 1.0	4.1	4.4	4.7	5.0	5.3	5.6	5.9
0.0 but less than 0.5	4.0	4.3	4.6	4.9	5.2	5.5	5.8
Positive percentage							
0.0 but less than 0.5	3.9	4.2	4.5	4.8	5.1	5.4	5.7
0.5 but less than 1.0	3.8	4.1	4.4	4.7	5.0	5.3	5.6
1.0 but less than 1.5	3.7	4.0	4.3	4.6	4.9	5.2	5.5
1.5 but less than 2.0	3.6	3.9	4.2	4.5	4.8	5.1	5.4
2.0 but less than 2.5	3.5	3.8	4.1	4.4	4.7	5.0	5.3
2.5 but less than 3.0	3.4	3.7	4.0	4.3	4.6	4.9	5.2
3.0 but less than 3.5	3.3	3.6	3.9	4.2	4.5	4.8	5.1
3.5 but less than 4.0	3.2	3.5	3.8	4.1	4.4	4.7	5.0
4.0 but less than 4.5	3.1	3.4	3.7	4.0	4.3	4.6	4.9
4.5 but less than 5.0	3.0	3.3	3.6	3.9	4.2	4.5	4.8
5.0 but less than 5.5	2.9	3.2	3.5	3.8	4.1	4.4	4.7
5.5 but less than 6.0	2.8	3.1	3.4	3.7	4.0	4.3	4.6
6.0 but less than 6.5	2.7	3.0	3.3	3.6	3.9	4.2	4.5
6.5 but less than 7.0	2.6	2.9	3.2	3.5	3.8	4.1	4.4
7.0 but less than 7.5	2.5	2.8	3.1	3.4	3.7	4.0	4.3
7.5 but less than 8.0	2.4	2.7	3.0	3.3	3.6	3.9	4.2
8.0 but less than 8.5	2.3	2.6	2.9	3.2	3.5	3.8	4.1
8.5 but less than 9.0	2.2	2.5	2.8	3.1	3.4	3.7	4.0
9.0 but less than 9.5	2.1	2.4	2.7	3.0	3.3	3.6	3.9
9.5 but less than 10.0	2.0	2.3	2.6	2.9	3.2	3.5	3.8
10.0 but less than 10.5	1.9	2.2	2.5	2.8	3.1	3.4	3.7
10.5 but less than 11.0	1.8	2.1	2.4	2.7	3.0	3.3	3.6
11.0 but less than 11.5	1.7	2.0	2.3	2.6	2.9	3.2	3.5
11.5 but less than 12.0	1.6	1.9	2.2	2.5	2.8	3.1	3.4
12.0 but less than 12.5	1.5	1.8	2.1	2.4	2.7	3.0	3.3
12.5 but less than 13.0	1.4	1.7	2.0	2.3	2.6	2.9	3.2
13.0 but less than 13.5	1.3	1.6	1.9	2.2	2.5	2.8	3.1
13.5 or more	1.2	1.5	1.8	2.1	2.4	2.7	3.0



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